

107TH CONGRESS
1ST SESSION

H. R. 804

To amend the Internal Revenue Code of 1986 to repeal the 2 percent excise tax on the net investment income of tax-exempt foundations.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2001

Mr. STEARNS (for himself and Mr. CRANE) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to repeal the 2 percent excise tax on the net investment income of tax-exempt foundations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. REPEAL OF EXCISE TAX ON NET INVESTMENT**
4 **INCOME OF TAX-EXEMPT FOUNDATIONS.**

5 (a) REPEAL.—Subsection (a) of section 4940 of the
6 Internal Revenue Code of 1986 (relating to excise tax
7 based on investment income) is repealed.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 4940 of such Code is amended—

1 (A) by redesignating subsections (b), (c),
 2 and (d) as subsections (a), (b), and (c), respec-
 3 tively,

4 (B) by striking subsection (e), and

5 (C) in subsection (a), as redesignated by
 6 paragraph (1), by striking “(A) the tax imposed
 7 under subsection (a) (computed as if such sub-
 8 section applied to such private foundation for
 9 the taxable year),” and inserting “(A) an
 10 amount equal to 2 percent of the net invest-
 11 ment income of such foundation for the taxable
 12 year,”.

13 (2) Section 4942(f)(3)(A) of such Code is
 14 amended by striking “section 4940(c)(3)(B)” and
 15 inserting “section 4940(b)(3)(B)”.

16 (3) Section 4945(d)(4)(A) of such Code is
 17 amended by striking “section 4940(d)(2)” and in-
 18 serting “section 4940(c)(2)”.

19 (4) Section 4948(a) of such Code is amended
 20 by striking “section 4940(c)(2)” and inserting “sec-
 21 tion 4940(b)(2)”.

22 (c) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to taxable years beginning after
 24 December 31, 2001.

○